



**CONTENTS**

	<i>Page</i>
Agenda item 27:	
Economic development of under-developed countries (continued)	
(a) Question of the establishment of a Special United Nations Fund for Economic Development; report of the <i>Ad Hoc</i> Committee;	
(b) International tax problems: report of the Economic and Social Council;	
(c) Industrialization of under-developed countries	
General debate (continued).....	87

**Chairman:** Mr. Mohammad MIR KHAN (Pakistan).

**AGENDA ITEM 27**

**Economic development of under-developed countries (A/3154, A/3192) (continued):**

- (a) **Question of the establishment of a Special United Nations Fund for Economic Development: report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2);**
- (b) **International tax problems: report of the Economic and Social Council;**
- (c) **Industrialization of under-developed countries**

**GENERAL DEBATE (continued)**

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that the United Nations should give high priority to economic questions, for they were at the very basis of political and cultural relations between peoples. Close economic solidarity among the nations would be a powerful factor in establishing mutual confidence and consolidating peace. The development and normalization of trade, on the basis of respect for the sovereignty and equality of nations and of mutual benefit, would result in an expansion of domestic and foreign markets, in increased production and opportunities, in the maintenance of full employment and, lastly, in improved levels of living and greater economic and social development for all countries.

2. For some time a certain expansion of international trade had been apparent, but it was still inadequate. The United Nations, the leading and most representative international organization—although many nations, and in particular the great Chinese people, were not yet represented therein—could and should take a more active part in the development of international economic relations, which were an important factor in the peaceful coexistence of States with different political and social systems.

3. The economy of the Union of Soviet Socialist Republics was developing rapidly. Compared with 1940,

the volume of industrial production had risen to 1.7 in 1950 and to 3.2 in 1955. It was expected to rise to 5.3 by 1960. The rapidity of economic development in the USSR was strikingly illustrated by the fact that industrial output had increased twentyfold in the past twenty-five years, whereas it had merely doubled in the capitalist countries as a whole during the same period.

4. Like its predecessors, the new five year plan (1955 to 1960) gave priority to the engineering and metallurgical industries, in which output would rise by 80 per cent. It also provided for a large increase in the production of consumer goods which, by 1960, would exceed the 1955 figure by 60 per cent.

5. In 1955 grain crops had been 22 per cent larger than in 1954. Despite unfavourable weather conditions, 1956 would be a record year for such crops. Animal production, too, had shown a remarkable increase. Between 1956 and 1960 agricultural production would increase by 70 per cent.

6. It was common knowledge that the Soviet Union had vast reserves of raw materials. Thanks to its planned economy, it had no difficulty in disposing of its industrial and agricultural production in the domestic market, but the steady expansion of the volume of production also opened up the prospect of a considerable increase in trade. Self-sufficiency was certainly not the object of the Soviet Union's policy.

7. With regard to the situation in the Western countries, the authors of the *World Economic Survey, 1955*, (E/2864) stated that it "provides ground for serious concern". Although, according to statistics, industrial production had somewhat increased in a number of Western countries, such increases had occurred in connexion with a rather special development of the economic cycle and, in particular, as a result of the militarization of the economies of those countries. Many Western countries were encountering serious difficulties. There was a growing imbalance in certain sectors of the economy. Several countries had serious difficulty in disposing of their output. Inflationary trends were increasing in a number of countries and the balance of payments situation was irregular.

8. In the view of his delegation, the difficulties of the Western countries were greatly aggravated by the continuing arms race. The tax increases resulting from the financing of armament programmes reduced purchasing power, and that in turn made the problem of marketing goods more acute and exerted an adverse influence on both industrial and agricultural production.

9. The solution of many financial and economic problems would certainly be made easier if expenditure on armaments were substantially reduced. In the context, he recalled that the USSR was engaged in a substantial unilateral reduction of its military forces by 1,840,000 men, while at the same time military expenditure was being reduced by 10,000 million roubles. The USSR had also, ahead of time, relinquished the military bases

at Port Arthur and Porkkala which had been placed at its disposal under bilateral agreements.

10. The relationship between industrialized and under-developed countries constituted one of the most important aspects of international economic co-operation. The gulf separating them should be bridged with all possible speed. It was surely paradoxical, for example, that a group of countries comprising two-thirds of the world's population produced only 3 per cent of the world's steel and less than 7 per cent of the world's electric power.

11. Many under-developed countries had realized how necessary it was to remedy the long-standing economic backwardness which was attributable to their former condition of political and economic dependence. For that purpose, they knew that they had to establish their own industry. They also knew that they had to rely on their own strength in the first place; but they were entitled to expect disinterested assistance from the industrial countries. Such assistance should not be made subject to any condition of an economic, political or military nature which might jeopardize the independence of weaker countries. The under-developed countries should be able to dispose freely of the natural resources of their soil.

12. The industrialized countries should unstintingly supply capital goods to the under-developed countries, place at their disposal technical knowledge, not excluding data relating to the peaceful uses of atomic energy, and offer them patents and technical information on favourable terms. The industrialized countries should also help by providing for the training of skilled personnel.

13. The under-developed countries' main source of income was derived from the export of raw materials. The financing of their programmes of economic development depended on the proceeds from their exports. It was essential to adopt measures to promote the expansion of trade in those products, to rectify the abnormal situation with regard to prices, and to put an end to inequities in the terms of trade which were at present unfavourable to the peoples of the under-developed countries. For the exporting countries, an increase of 5 per cent in the average price of raw materials would produce a sum equivalent to the aggregate annual receipts of foreign capital from all sources (private investments, loans or gifts from governmental and international agencies). In view of the shortage of capital in the under-developed countries, the Soviet delegation considered that financial assistance to those countries should be increased.

14. The representatives of the under-developed countries had a justifiable grievance against such financial institutions as the International Monetary Fund and the International Bank for Reconstruction and Development, which granted those countries long-term loans only within very strict limits and at an excessively high rate of interest. Experience had shown that those institutions were unable adequately to finance the economic development of the under-developed countries.

15. The Soviet delegation considered it desirable to establish a special United Nations fund for the economic development of the under-developed countries, and thought that a decision on that matter should not be postponed until an agreement had been reached on armaments reduction, as some countries had proposed, although the reduction of armaments would, of course, place fresh resources at the disposal of the proposed fund.

16. The Soviet Union, sincerely in sympathy, as it was, with the hopes and aspirations of the under-developed countries towards the establishment of an independent national economy, supported the proposal for the establishment of a special United Nations fund to finance the development of the under-developed countries, and was prepared to contribute to the fund. The Soviet Union also supported the proposal of the under-developed countries for the establishment, within the framework of the United Nations, of a special organ to consider ways of promoting the industrialization of those countries.

17. It was universally recognized that the development of international trade was one of the best means of strengthening peace and co-operation among peoples, whatever their political or economic system. The Soviet Union was striving to promote mutual trust and understanding among nations. The principle of peaceful coexistence, established by Lenin, was one of the cornerstones of Soviet foreign policy. The Soviet people wanted peaceful coexistence to mean constructive co-operation on a long-range basis among countries with different systems. The ideas which had prevailed in the era of the cold war should give way to new concepts. No longer should it be feared that the increased prosperity of one country might constitute a danger or a threat to others.

18. Certain restrictions on trade with the Soviet Union, introduced in 1949, were unfortunately still in force. The policy of banning trade with the People's Republic of China was also being continued. Trade with the Soviet Union was of considerable importance to a number of countries. At the present time, the Soviet Union was placing large orders with England, France, Western Germany, Denmark, Finland, Sweden and many other countries, and was also selling goods to those countries. There could be no doubt that such orders contributed to the improvement of the economic situation in the countries filling them.

19. Mr. Bulganin, Chairman of the Council of Ministers of the USSR, and Mr. Khrushchev, a member of the Presidium of the Supreme Soviet of the USSR, had stated during their visit to the United Kingdom in April 1956 that, if restrictions on and discrimination in trade were removed, the Soviet Union could, in the five-year period from 1956 to 1960, increase its purchases in the United Kingdom alone to approximately 9,000 to 11,000 million roubles, or between 800 million and 1,000 million pounds sterling, including orders totalling some 4,000 to 5,000 million roubles for ships and equipment of various kinds, and purchases amounting to some 5,000 to 6,000 million roubles covering a wide variety of manufactured goods and raw materials.

20. During the visit to Moscow of the French Government delegation in May 1956, the Soviet Union had stated that if restrictions on and discrimination in trade were removed the USSR could greatly increase its purchases of French goods and, correspondingly, its sale of Soviet goods, thereby bringing the volume of trade between the USSR and France at the end of a three-year period to approximately three or four times the 1955 figure.

21. In recent years there had been a strengthening and expansion of the economic relations of the USSR with the countries of the Middle East, the Far East, Western Europe, Scandinavia and certain countries in the Western hemisphere. The USSR was ready to develop still further its trade and cultural exchanges, on the basis of equality and mutual benefit, with any country which

so desired. Some problems could not be solved by any one country or group of countries acting alone. The USSR was in favour of international economic co-operation on a world-wide scale.

22. The USSR sincerely hoped that international tensions would continue to decrease and that progress would be made in the matter of the reduction of armaments. To secure the change-over from a military to a peaceful economy was a noble task. With that object in view, the United Nations should begin at once to work out a concrete programme to channel the efforts of the various countries.

23. It was thus clear that a number of very serious economic problems confronted States all over the world. The constructive solution of those problems would help to increase the prosperity of nations. The United Nations had in recent years made a number of attempts to solve specific economic problems. The Economic and Social Council and its regional commissions, in particular, had concerned themselves with such questions. The regional commissions, however, operated within their own specific areas and were not yet co-ordinating their activities sufficiently. Moreover, the Economic and Social Council itself lacked the powers necessary to solve many important problems. A number of problems still remained, because it had not been and was still not possible to take adequate steps to solve them, and because economic problems were at times so closely linked with political problems that they could be solved only at a large representative conference endowed with the necessary powers. The investigation of any important economic question had invariably entailed the discussion of a whole series of other matters, but that had so far not proved possible within the framework of the existing United Nations organs.

24. For all those reasons, the time had obviously come for measures to be taken under the auspices of the United Nations and on a world-wide scale for the discussion and the solution of a whole range of important world economic problems. The Minister for Foreign Affairs of the USSR, in his statement in the 589th plenary meeting of the General Assembly, had spoken of the Soviet Government's proposal to convene a world economic conference in 1957.

25. There was no United Nations agency specifically designated to promote international trade. The Havana Conference held in 1948 had, it was true, drawn up the statutes for an international trade organization, but those statutes had remained a dead letter. The problem should

be examined anew. A world economic conference, convened on a broad basis, could consider from a practical viewpoint and from every angle the problem of the development of international trade and discuss the question of establishing, within the framework of the United Nations, a trade organization open to all countries of the world.

26. The world economic conference could, in addition, seriously concern itself with the problems of prime importance connected with the economic development of the under-developed countries and their industrialization, to which he had already referred. Among those problems preliminary mention might already be made of such questions as international co-operation for the purpose of affording financial and technical assistance to the under-developed countries, the formation of national cadres of specialists, the supplying of capital equipment, the trade in raw materials and the prices of such products. All those questions were, in his delegation's view, of vital importance to many peoples of the world and deserved the closest attention.

27. Another group of questions to which the conference might give its attention concerned the monetary and financial relations between States. The disequilibrium in the trade balance and in the balance of payments of many countries, both industrialized and under-developed, the policies followed and the conditions imposed in the granting of foreign credits and loans, the removal of inflation, and so on, were all matters of great anxiety and concern to many countries.

28. The Soviet delegation considered that all countries should be invited to the conference, whether or not they were Members of the United Nations, and that the large international economic organizations should also participate. The Secretary-General might be asked to prepare the agenda and the order of procedure of the conference and to submit them to the Economic and Social Council for approval at its twenty-third session.

29. The Soviet Union delegation hoped that the other Member States of the United Nations would support its proposal for the convening of a world economic conference, at which many new and important proposals would undoubtedly be put forward by the various countries and international organizations. The convening of a world economic conference could be one of the measures which would lead to increased United Nations activity in the field of the development of international economic co-operation.

The meeting rose at 11.45 a.m.